

Washington State Energy Strategy Update/ 2003 Biennial Energy Report

2nd Revised Proposed Guiding Principles (9/12/02)

This second revision of the proposed guiding principles attempts to synthesize and incorporate the following input from the committee:

- Comments sent prior to the August 13 meeting.
- The discussion at the August 13 meeting.
- Electronic comments on the First Revised Proposed Guiding Principles (the August 27 version). Written comments were received from Nancy Hirsh, Jim Luce, Nicolas Garcia (WUTC), and Bob Titus. All electronic comments received are posted at www.energy.cted.wa.gov.
- Phone messages, conversations and meetings with Senator Karen Fraser, Stu Trefry on behalf of Jim Davis, and Craig Cole.

(Note: Since Craig Cole's written version of his phone comments and Terry Oxley's written comments on behalf of Puget Sound Energy arrived after this version was finished, we were unable to consider any of their specific language recommendations. However, many of the concepts were already incorporated in to the September 12th version. These comments will be posted to the website and can be further discussed on September 17th.

The principles also reflect our focus on electricity although some may apply more broadly to other aspects of energy.

Each principle indicates, more or less, where it came from and we have added some ideas about how to translate some of the principles into policies. Since opinion on the format was split, it was decided to split the difference by leaving the current set of proposed principles grouped by category but numbered consecutively. In some cases optional language is noted in [brackets].

For the next revision, we need to consider

- Whether there is still something missing
- Further revisions to the language
- Ways to combine or reduce the number of principles

[Adequacy of Resources]

1. Enable consumers and utilities to acquire all cost-effective conservation

(Revised *old Principle #1* based on August 13 discussion)

(Possible Implementation strategies: codes and standards, limited but proven tax policies, cost-effective consumer incentives, rate design, etc.)

2. Increase diversity in energy supply through renewables (e.g., wind, geothermal, low-impact hydro, biomass and solar) and new technologies (e.g., microturbines, fuel cells).

(*Old Principle #9* with revisions suggested by Senator Fraser and Marilyn Showalter.)

(Possible Implementation strategies: renewable portfolio standard, tax incentives, research and development, technology partnerships, etc)

3. Foster a predictable and stable investment climate to encourage the development of cost-effective, environmentally sound generation, transmission, and distribution infrastructure and to allow Washington's public and private energy providers cost effective access to capital markets. (New principle; Craig Cole's language)

4. Encourage comprehensive [least cost] resource planning by all load-serving entities.

(New principle from Aug. 13 meeting and subsequent e-mail correspondence with Jim Luce.)

[Markets and Economy]

5. **Preserve an energy system that serves the public interest by providing reliable, cost-based power and reduces our vulnerability to supply shortages and price volatility.**
(New. Senator Fraser's language based on August 13 discussion.)
6. **Protect the access of Washington consumers to cost-based BPA power.**
(New; from August 13 meeting)

(Possible implementation strategies: support "Permaslice" proposal, support BPA's environmental stewardship of the Columbia River system, etc.)
7. **Harness market forces where competition can produce consumer choices and fair prices while also reducing system costs without harming reliability or environmental protection.**
(*Old Principle #5* revised with language from Senator Fraser and Marilyn Showalter.)
8. **Keep the "obligation to serve" for utilities as the foundation for well functioning wholesale electricity markets.** (New principle; from the August 13 discussion)

(Possible implementation strategies: make no further moves towards industry restructuring in Washington; resist federal mandates that separate utilities from their customers, etc.)
9. **Promote and encourage industries that will make Washington State a leader in [clean] energy technologies.** (New principle; from Senator Fraser)

[Analytic Methods]

10. **Use data and analysis based on sound scientific and economic principles to inform energy policy.** (*Old Principle #3* with revisions suggested on August 13)
11. **Respond creatively and prospectively to technological, political, social, demographic, and environmental changes affecting the use and supply of energy.** (*Old Principle #6* with revisions suggested on Aug. 13 and in subsequent comments.)
12. **Evaluate all electricity policies by how well they improve the safety, security and reliability of the system.** (New principle)

[Values and Strategies]

13. **Foster mutually beneficial relationships with nearby states and provinces [and the federal government] to help accomplish common energy goals.** (Revision of *old Principle #4*)
14. **Ensure that all citizens, including those on limited incomes, have access to affordable electricity and natural gas.** (Revision of *old Principle #7*)

(Possible implementation strategies: support congressional budgets for weatherization and low-income energy assistance, support BPA and regional utility financial support for weatherization programs, encourage rate structures that protect low-income citizens, etc.)
15. **Lead by example with energy efficiency in state and local government operations.**
(*Old Principle #8*)

(Possible implementation strategies: conservation targets, renewable purchase targets, policies to facilitate procurement of highly efficient equipment, etc.)
16. **Provide opportunity for participation by the state's citizens in the Strategy and provide information and education to enhance understanding.** (Revision of *old Principle #10*)
17. **Implement cost-effective energy policies that minimize environmental damage.** (*Old principle #2*)